

Memorandum



To : SAC, CHICAGO 194B-NEW

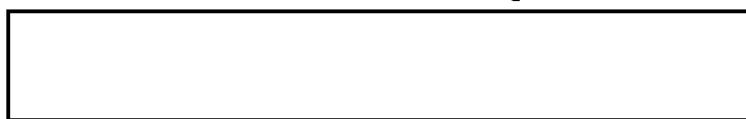
Date 8/3/98

From : SA [redacted]

NRA-1

Subject: AUTHORITY TO INITIATE A PUBLIC  
CORRUPTION INVESTIGATION

Re attached communication captioned:



VILLAGE OF ROSEMONT, IL  
HA-CPO

Pursuant to MIOG section 194-5.1, SAC authority is requested to open captioned investigation as detailed in the attached communication.

[redacted] DUE TO THE SENSITIVE NATURE OF THIS CASE, SSA  
REQUEST THE FILES BE MAINTAINED AT THE NRA.

Supervi

ASAC

SAC

[redacted] [redacted] [redacted]  
[redacted] [redacted] [redacted]

1-Chicago

CPI=0

Source of  
case  
01

Assign  
CC-case agent

- 1\* -  
SN [redacted]

194B-C-107915-1

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 10 1998	
FBI - CHICAGO	

[Signature]

# FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 08/03/1998

To: Chicago

From: Chicago

NRA/NRA1

Contact: SA [redacted]

X-2473

Approved By: [redacted]

Drafted By: [redacted]:scb

b6

b7C

Case ID #: 194B-CG-NEW (Pending)

Title: [redacted]

VILLAGE OF ROSEMONT, ILLINOIS;  
HA - CPO

**Synopsis:** Opening of a new public corruption matter involving the Village of Rosemont.

**Details:** This investigation was predicated during July of 1998 by a Confidential Informant, hereafter referred to as "source" who advised that [redacted]

[redacted]

b6  
b7C  
b7D

In 1955 the Village of Rosemont was incorporated by current Village President Donald E. Stephens. Stephens continued to be a powerful political force in the Village of Rosemont as well as in the state of Illinois. Rosemont, a town of only 4,000 residents, boasts a major convention center (Rosemont Convention Center), a major sports arena (Rosemont Horizon), and a major theater (Rosemont Theater). The Village of Rosemont only consists of 4½ square miles, however, attracts almost 24,000 workers daily, and will draw over 3.5 million people as visitors to various Rosemont events yearly. The Village of Rosemont employees over 185 full-time employees and 1,300 part-time employees with an annual budget of \$93 million.

Stephens has been indicted twice by a Federal Grand Jury in Chicago for fraud and tax evasion, however, was acquitted at both jury trials. He has also made no secret of his association with late Chicago organized crime boss Sam Giancana,

To: Chicago From: Chicago  
Re: 194B-CG-NEW, 08/03/1998

as well as doing business with organized crime individuals in Rosemont.

On or about [REDACTED], the source [REDACTED]

[REDACTED]

Source further stated that [REDACTED]

[REDACTED]

Source advised that [REDACTED]

[REDACTED]

Source has [REDACTED]

[REDACTED]

Source further advised that [REDACTED]

AUSA Opinion:

On August 3, 1998, [REDACTED] Chief, Criminal Division, United States Attorney's Office, was advised of the facts in this investigation to date. AUSA [REDACTED] concurred that an investigation is necessary to determine if these allegations can be substantiated. Additionally, AUSA [REDACTED] advised that agents obtain further evidence to charge [REDACTED] and other Village of Rosemont officials with corruption .

Investigative strategy:

A review of historical Chicago files concerning Mayor Donald Stephens and others connected to the Village of Rosemont are replete with corruption. Additionally, this investigation will parallel another Chicago investigation of Rosemont entitled [REDACTED]

[REDACTED] also assigned to SA [REDACTED] since 1996. Prior research into Rosemont reveals a systemic corruption within the Village of Rosemont, including public officials, and police officers, as well as legislative corruption as far reaching as Springfield, Illinois. At this

b6  
b7C  
b7D

b6  
b7C

To: Chicago From: Chicago  
Re: 194B-CG-NEW, 08/03/1998

juncture, it is suggested that the FBI employ [redacted] type investigative approach in order to gather as much information about various crimes, including contract fraud, legislative corruption, and police corruption that have been ongoing in the Village of Rosemont during the past twenty years. [redacted]

[redacted]  
b7E

Previous investigations re [redacted]

[redacted] has been identified in [redacted]  
[redacted] as being [redacted]  
[redacted] and the Village of Rosemont. [redacted] Krimson Valley has been inflating invoices as well as fraudulently reporting the number of men used on various crews to the Village of Rosemont. The matter of contract fraud is being addressed in a separate investigation.

b6  
b7C

Integrity of source:

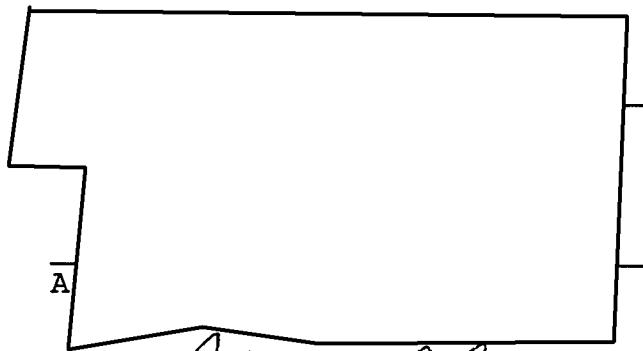
[redacted] has been opened and assigned to SA [redacted]  
for the past two years. Source has [redacted]  
Source  
has been [redacted]  
[redacted] Source has stated that [redacted]  
[redacted]

b6  
b7C  
b7D

To: Chicago From: Chicago  
Re: 194B-CG-NEW, 08/03/1998

Addendum:

I concur with the opening of this investigation and support the preliminary investigative strategy. Additionally, the Chicago FBI is committed to fully staffing this investigation with adequate agents and resources, in order to make a significant impact in systemic public corruption.



SAC

*Herbert S. Collins Jr. JAG*

8/4/98  
Date

8-7-98  
Date

8-7-98  
Date

b6  
b7C

(01/26/1998)

b6  
b7C

# FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 02/16/1999

To: Chicago

Attn: A/SAC Eubanks  
ASAC [redacted]

From: Chicago

NRA2

Contact: [redacted]

Approved By: Eubanks William G William G. Eubanks

Drafted By: [redacted]:cjc W/18/99

Case ID #: 194-472

Title: Public Corruption North Suburbs

Synopsis: To request SAC authority to maintain listed Public Corruption file at the North Resident Agency for pending NRA2 case.

Details: SAC authority is requested to maintain pending North RA Public Corruption file at the North RA in compliance with MIOG rules and regulations for the following NRA2 case.

194B-CG-107915

Upon SAC authority copies of this EC will be directed to each the aforementioned files.

♦♦



fbi

194B-6-107915-2

U.S. Department of Justice



Federal Bureau of Investigation

In Reply, Please Refer to  
File No.

Chicago, Illinois 60604

August 3, 1998

[redacted] b6  
b7C

VILLAGE OF ROSEMONT, ILLINOIS;  
HOBBS ACT - CORRUPTION OF PUBLIC OFFICIALS

This investigation was predicated in July of 1998 by a  
CONFIDENTIAL INFORMANT (CI) who advised that [redacted]

[redacted] b6  
b7C  
b7D

Since its incorporation in 1955, the VILLAGE OF ROSEMONT has had only one mayor, that being DONALD E. STEPHENS. STEPHENS has been indicted two times by a Federal Grand Jury in Chicago for fraud and tax evasion. however. he was acquitted both times at a jury trial. [redacted]

b7D

STEPHENS continues to be a powerful political figure in the village of Rosemont as well as the State of Illinois. Rosemont, a town of only 4,000 residents, has an annual budget of over \$93 million. Additionally, the village supports a major convention center, a major sports arena, and a major theater. It has been estimated that over 3.5 million people annually attend Rosemont-sponsored events. STEPHENS has never denied his association with known Chicago-area organized crime figures, such as the late SAM GIANCANA, as well as doing business with GIANCANA. However, STEPHENS has never been charged in any organized crime related activities.

During [redacted] a CONFIDENTIAL SOURCE (CS) [redacted]

[redacted] b6  
b7C  
b7D

[redacted] SOURCE advised that [redacted]

Vito Corriero

SOURCE further stated that [redacted]

[redacted] SOURCE further stated that [redacted]

[redacted] SOURCE advised that [redacted]

[redacted] SOURCE further stated [redacted]

On August 3, 1998, [redacted] Chief, Criminal Division, UNITED STATES ATTORNEY'S OFFICE, Northern District of Illinois, was advised of the aforementioned information. AUSA [redacted] advised that a full FBI investigation is warranted to determine if these allegations can be substantiated and if further evidence could be gathered to charge [redacted] and other public officials in the VILLAGE OF ROSEMONT.

b6  
b7C  
b7D

b6  
b7C

- 1 -

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription

07/20/98

SOURCE, who is not in a position to testify, provided the following information:

SOURCE advised that [redacted]

[redacted] SOURCE said that [redacted]

stated that [redacted] SOURCE

[redacted] SOURCE stated that [redacted]

[redacted] SOURCE said that [redacted]

SOURCE stated that [redacted]

SOURCE further advised that [redacted]

Index  
P3

Investigation on 07/17/1998 at Rolling Meadows, Illinois

File # 196B-CG-101915 Date dictated 07/20/1998

by SAs scb

[redacted]; 196B-CG-101915

Continuation of FD-302 of SOURCE, On 07/17/1998, Page 2

[redacted]

[redacted]

[redacted] SOURCE advised that [redacted]

[redacted] SOURCE advised that [redacted]

SOURCE stated that [redacted]

[redacted]

Directing SOURCE'S attention to [redacted]

[redacted]

SOURCE further recalled that [redacted]

[redacted]

[redacted] 196B-CG-101915

Continuation of FD-302 of

SOURCE

, On 07/17/1998

, Page 3

[redacted]  
SOURCE advised that [redacted]

[redacted] SOURCE said that [redacted]

[redacted] SOURCE said that [redacted]

At this point SOURCE confided that [redacted]

[redacted]  
SOURCE advised that [redacted]

[redacted] SOURCE said that [redacted]

[redacted]  
advised that SOURCE [redacted]

[redacted] SOURCE

[redacted]  
SOURCE advised that [redacted][redacted]  
SOURCE advised that [redacted][redacted]  
stated that [redacted] SOURCE further[redacted]  
SOURCE advised that [redacted]

[redacted] 196B-CG-101915

Continuation of FD-302 of SOURCE, On 07/17/1998, Page 4

[redacted] SOURCE further  
stated that [redacted]  
[redacted]  
[redacted] SOURCE further stated that [redacted]  
[redacted]

b6  
b7C  
b7D

# FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 04/06/2001

To: Chicago

From: Chicago

NRA/NRA2

Contact: SA [redacted]

Approved By: [redacted]

Drafted By: [redacted] cjc

b6

b7C

Case ID #: 194B-CG-107915 (Pending)

Title: [redacted]

VILLAGE OF ROSEMONT;  
CPO

Synopsis: Investigation is being consolidated into 194B-CG-114999.

Details: This investigation was predicated in July of 1998, by a Confidential Informant who advised that [redacted]

During June, 1998, a Confidential Informant (CI) [redacted]

[redacted] Source advised that [redacted]

On August 3, 2000, a Federal grand jury subpoena was served on [redacted]

b6

b7C

b7D

b3

b6

b7C

This matter has become part of a larger investigation involving public corruption at Rosemont, Illinois, 194B-CG-114999.

♦♦

Consolidate to  
194B-16-194999-VC  
open new sub VC  
4/6/01  
Ans

194B-CG-114999-VC-5